

# Legislative Fiscal Bureau

## Fiscal Note

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HF 504 - False Use of Credit Cards (LSB 2031 HV.1)

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Fiscal Note Version — HF 504 as Amended and Passed by the House

Requested by Senator Donald R. Redfern

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### **Description**

House File 504, as amended and passed by the House, relates to the criminal offense of fraudulent use of a credit card. The Bill sets the limits on the value of property illegally obtained. House File 504, as amended and passed by the House, permits separate acts to be combined into one scheme, if one person, or multiple people at different locations commits the illegal acts. The Bill also creates a new crime, illegal use of scanning device or reencoder, and creates a graduated system of penalties for this new crime.

### **Assumptions**

1. Charge, conviction, and sentencing patterns and trends will not change over the projection period.
2. Prisoner length of stay, revocation rates, and other corrections practices and policies will not change over the projection period.
3. The law will become effective July 1, 2003. A lag effect of six months is assumed, from the effective date of the change in the law to the date of first entry of affected offenders into the correctional system.
4. The analysis is based on information obtained from the Justice Data Warehouse, which includes statewide court and Community-Based Corrections (CBC) information.
5. There were 171 people convicted of violations of Section 715A.6, Code of Iowa, in FY 2002. Of these, 115 were convicted of aggravated misdemeanors, 34 were convicted of Class D felonies, and 22 convictions were for an unknown class level. Approximately 25.0% of offenders (33) were charged with multiple counts of the aggravated misdemeanor offense.
6. The median cost per case for indigent defense is \$1,000 for an aggravated misdemeanor or Class D felony and \$1,200 for a Class C felony.
7. The average daily cost for parole is \$1.82 per offender. The average length of stay on parole for an aggravated misdemeanor conviction is 5 months, for a Class D felony conviction is 13 months, and for a Class C felony conviction is 19 months.
8. The marginal cost per day for State prisons is \$12.00 per offender. The average length of stay for new admissions for an aggravated misdemeanor conviction is 8 months, for a Class D felony conviction is 15 months, and for a Class C felony conviction is 22 months.
9. The average cost per aggravated misdemeanor trial for the court system ranges from \$76 to \$466, depending on if a jury is used. The average cost per Class C or D felony trial for the court system ranges from \$195 to \$1,235, depending on if a jury is used.

### **Correctional Impact**

There will be at least ten offenders convicted as Class D felons annually that would have been aggravated misdemeanors under current law. All ten offenders would have been sentenced to prison under current law. However, under HF 504, as amended and passed by the House, the offenders will be sentenced as Class D felons and their length of stay in prison will be longer than under current law. The prison population will increase by at least five offenders annually. There will be offenders currently convicted as Class D felons that will be convicted as Class C felons under the Bill as amended and passed by the House. There is no readily available

information with which to predict how many additional Class C felony convictions will occur under this provision. The imprisonment rate for credit card fraud will increase under HF 504 as amended and passed by the House. The average length of stay in prison for certain offenders will also increase.

The correctional impact of creating a new crime, illegal use of scanning device or reencoder, cannot be estimated due to insufficient information. However, creating a new offense and imposing a Class C or Class D felony as the penalty may increase court caseloads and increase demand for prison, CBC, and county jail resources. Felony convictions, imprisonment rates, and prison length of stay will increase under this provision.

### **Fiscal Impact**

The estimated General Fund cost of HF 504, as amended and passed by the House, will be, at a minimum, \$2,200 in FY 2004 and \$26,000 in FY 2005. Most of the cost increase is attributed to sentencing offenders to prison for a longer period, 15 months rather than 8 months under current law. There is no data with which to predict the number of offenders under current law that are being convicted as Class D felons that will be convicted as Class C felons under HF 504 as amended and passed by the House. The cost difference for the State between a Class C and Class D felony conviction is \$3,100.

Due to insufficient information, the fiscal impact of creating a new offense under HF 504, as amended and passed by the House, cannot be determined. However, the State's cost for one Class D felony conviction ranges from \$1,600 to \$8,300. The State's cost for one Class C felony conviction ranges from \$1,700 to \$11,000. These costs will be incurred over multiple years while the offender is being supervised in a State prison or local community.

### **Sources**

Department of Human Rights, Criminal and Juvenile Justice Planning Division  
Department of Corrections  
Judicial Branch  
State Public Defender's Office

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/s/ Dennis C Prouty

March 25, 2003

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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